
HOUSE BILL No. 1343

DIGEST OF INTRODUCED BILL

Citations Affected: IC 4-15; IC 5-10-1.1-7.5; IC 5-10-6-1.

Synopsis: State employee leave conversion and vacation. Allows state employees annually to elect to convert at 100% of the current value of unused accrued vacation and sick leave to cash or a contribution to the employee's deferred compensation plan account. Limits to 25 the number of vacation days that full-time state employees may take each year unless the state personnel director approves a greater number for catastrophic reasons.

Effective: Upon passage.

Kromkowski

January 14, 2003, read first time and referred to Committee on Appointments and Claims.

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First Regular Session 113th General Assembly (2003)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2002 Regular or Special Session of the General Assembly.

HOUSE BILL No. 1343

A BILL FOR AN ACT to amend the Indiana Code concerning state offices and administration.

Be it enacted by the General Assembly of the State of Indiana:

- 1 SECTION 1. IC 4-15-1.8-7.5 IS ADDED TO THE INDIANA
2 CODE AS A **NEW** SECTION TO READ AS FOLLOWS
3 [EFFECTIVE UPON PASSAGE]: **Sec. 7.5. (a) Subject to subsection**
4 **(b), appointing authorities shall determine the time and amount of**
5 **vacation that an employee in the nonmerit service may take during**
6 **a calendar year.**
7 **(b) A full-time employee in the nonmerit service may take not**
8 **more than twenty-five (25) days of vacation in each calendar year**
9 **unless, for catastrophic reasons:**
10 **(1) the employee's appointing authority recommends; and**
11 **(2) the employee's director approves;**
12 **a longer period for the employee.**
13 SECTION 2. IC 4-15-2-29 IS AMENDED TO READ AS
14 FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 29. (a)** The rules
15 shall provide for the hours of work, holidays, attendance regulation and
16 leaves of absence in the various classes of positions in the classified
17 service. **Subject to subsection (b),** they shall contain provisions for



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annual, sick, and special leaves of absence with or without pay or with reduced pay, and may allow special extended leaves for employees disabled through injury or illness arising out of their employment, and the accumulation of annual and sick leaves.

(b) Appointing authorities shall determine the time and amount of vacation that an employee in the classified service may take during a calendar year. However, a full-time employee in the classified service may take not more than twenty-five (25) days of vacation in each calendar year unless, for catastrophic reasons:

(1) the employee's appointing authority recommends; and

(2) the employee's director approves;

a longer period for the employee.

SECTION 3. IC 5-10-1.1-7.5, AS ADDED BY P.L.184-2001, SECTION 5, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 7.5. (a) As used in this section, "state agency" means the following:

(1) An authority, a board, a branch, a commission, a committee, a department, a division, or other instrumentality of state government.

(2) A separate corporate body politic that adopts the plan described in subsection (b).

(3) State elected officials and their office staff.

(4) The legislative services agency.

(5) Legislative staff eligible to participate in the state employees' deferred compensation plan established by section 1 of this chapter.

However, the term does not include a state educational institution (as defined in IC 20-12-0.5-1) or a political subdivision.

(b) The deferred compensation committee shall adopt provisions in a defined contribution plan, under Sections 401(a) and 414(d) of the Internal Revenue Code, for the purpose of converting unused ~~excess~~ accrued leave to a monetary contribution for employees of a state agency. **The plan must include an option allowing an employee to convert unused accrued leave to cash.** These provisions may be part of the plan and trust established under section 1.5(a) of this chapter.

(c) The deferred compensation committee is the trustee of the plan described in subsection (b). The plan must be a qualified plan, as determined by the Internal Revenue Service.

(d) The state personnel department shall adopt rules under IC 4-22-2 that it considers appropriate or necessary to implement this section. The rules adopted by the state personnel department under this section must:



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- (1) be consistent with the plan described in subsection (b);
 - (2) include provisions concerning:
 - (A) the type and amount of leave that may be converted to a monetary contribution;
 - (B) the conversion formula for valuing any leave that is converted;
 - (C) the manner of employee selection of leave conversion; and
 - (D) the vesting schedule for any leave that is converted; and
 - (3) apply to all state agencies;
 - (3) specify that:
 - (A) vacation leave and sick leave are eligible for conversion; and
 - (B) personal leave and special sick leave are not eligible for conversion;
 - (4) allow an employee to elect each year on December 31 whether to convert the employee's accrued unused vacation leave or sick leave, or both, to:
 - (A) a monetary contribution to the plan described in subsection (b); or
 - (B) cash;
 - (5) provide a conversion rate for a day of leave that is converted under this section equal to one hundred percent (100%) of the employee's daily pay as of the date the leave is converted;
 - (6) provide that the maximum amount of leave that may be converted each year is:
 - (A) the amount of leave the employee earned during the year; or
 - (B) the employee's leave balance, if the employee's leave balance on the date of the conversion is less than the amount of leave the employee earned during the year; and
 - (7) specify that an employee is one hundred percent (100%) vested at the time of conversion for the amount attributable to the leave an employee elects to convert to a monetary contribution under subdivision (4)(A).
- (e) The rules adopted by the state personnel department under subsection (d) specifying the conversion formula must provide for a conversion rate under which the amount contributed on behalf of a participating employee for a day of leave that is converted under this section is equal to at least sixty percent (60%) of the employee's daily pay as of the date the leave is converted.
- (f) (e) The deferred compensation committee may adopt the

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following:

(1) Plan provisions governing:

(A) the investment of accounts in the plan; and

(B) the accounting for converted leave.

(2) Any other plan provisions that are necessary or appropriate for operation of the plan.

~~(g)~~ (f) The plan described in subsection (b) may be implemented only if the deferred compensation committee has received from the Internal Revenue Service any rulings or determination letters that the committee considers necessary or appropriate.

SECTION 4. IC 5-10-6-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 1. (a) Retroactive to January 1, 1969, **and subject to IC 4-15-1.8-7.5 and IC 4-15-2-29(b)**, employees of the state who are compensated for their services on an hourly basis may be granted a vacation with pay and paid holidays by executive order of the governor.

(b) Employees of the political subdivisions of the state may be granted a vacation with pay, sick leave, paid holidays, and other similar benefits by ordinance of the legislative body of a county, city, town, township, or controlling board of a municipally owned utility, board of directors or regents of a cemetery, or board of trustees of any library district.

(c) Payment of vacation benefits so granted may be made in advance of any vacation taken by such an employee.

SECTION 5. [EFFECTIVE UPON PASSAGE] (a) **Before December 31, 2003, the state personnel department shall amend:**

(1) **31 IAC 1-9-3 to delete subsection (d); and**

(2) **31 IAC 2-11-3 to delete subsection (d);**

concerning the maximum number of vacation days that employees may take in a calendar year.

(b) This SECTION expires January 1, 2004.

SECTION 6. [EFFECTIVE UPON PASSAGE] (a) **Before December 31, 2003, the state personnel department shall adopt rules under IC 4-22-2 to implement the provisions of IC 4-15-1.8-7.5, as added by this act, and IC 4-15-2-29, as amended by this act, concerning the catastrophic reasons for which the state personnel director may approve an employee's request to exceed the maximum number of vacation days permitted in a calendar year.**

(b) This SECTION expires January 1, 2004.

SECTION 7. [EFFECTIVE UPON PASSAGE] (a) **Before December 31, 2003, the state personnel department shall adopt**

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1 rules under IC 4-22-2 to implement IC 5-10-1.1-7.5, as amended by
2 this act, concerning the conversion of unused accrued vacation and
3 sick leave.

4 (b) This SECTION expires January 1, 2004.

5 SECTION 8. An emergency is declared for this act.

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